

Summary of Methodological Updates and New Features

Distribution of Personal Income Statistics

December 2023

The statistics released on Dec. 13, 2023, incorporate the comprehensive update and minor methodological changes compared with the prototype statistics that were released in December 2022. Tables and charts featured on this webpage also have been updated to reflect these improvements. Estimates have been updated for 2000-2021 and provisional estimates have been added for 2022. The reference year for real estimates has been updated to 2017 (previously it was 2012). The technical document laying out the U.S. Bureau of Economic Analysis' (BEA's) methodology has also been updated to explain the details of the changes.

Updates

1. **Comprehensive Update:** This year, BEA completed a comprehensive update (CU) which had a direct impact on both NIPA totals and the distribution of personal income, due to changes in the relative contributions of proprietors' income and income receipts on assets (see accompanying articles in the Survey of Current Business ([Kornfeld 2023](#) and [Mataloni, Turner, and McCulla 2023](#)). There is a detailed [description](#) of these changes on the website. A comparison of previously published personal income (and selected subcomponents), available in Table 7 in [Mataloni, Turner, and McCulla \(2023\)](#), has been reproduced below (dollar levels are from NIPA Table 2.1, in billions).

| Series | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------|----------------|------------|------------|------------|------------|------------|------------|
| Personal Income | Level | \$16,662.8 | \$17,528.2 | \$18,356.2 | \$19,629.0 | \$21,407.7 | \$21,840.8 |
| | Previous Level | \$16,839.9 | \$17,683.8 | \$18,586.9 | \$19,832.3 | \$21,294.9 | \$21,777.2 |
| | Revision | -\$177.1 | -\$155.6 | -\$230.7 | -\$203.3 | \$112.8 | \$63.6 |
| Proprietors' Income | Level | \$1,428.6 | \$1,495.3 | \$1,554.1 | \$1,583.8 | \$1,749.1 | \$1,790.9 |
| | Previous Level | \$1,504.6 | \$1,568.7 | \$1,601.4 | \$1,643.1 | \$1,753.6 | \$1,848.3 |
| | Revision | -\$76.0 | -\$73.4 | -\$47.3 | -\$59.3 | -\$4.5 | -\$57.4 |
| Income Receipts on Assets | Level | \$2,611.0 | \$2,789.4 | \$2,949.9 | \$2,913.7 | \$3,214.7 | \$3,432.0 |
| | Previous Level | \$2,703.6 | \$2,862.3 | \$3,119.0 | \$3,095.4 | \$3,202.5 | \$3,343.9 |
| | Revision | -\$92.6 | -\$72.9 | -\$169.1 | -\$181.7 | \$12.2 | \$88.1 |

Given that proprietors' income is very unevenly distributed, with about 80% accruing to the top income decile, incomes for those at the top (especially the top 1%) were revised downwards. Although interest income is more evenly distributed in the distribution, it too is relatively unequal with about 50% accruing to the top decile. Therefore, the net effect of the CU was a fall in inequality overall, and particularly top shares (top 5% share down 0.3pp on average for 2012-2020).

2. **Partnership Returns.** For this release, we received a disaggregation of partnership returns and s-corporation returns from the IRS Statistics of Income (SOI) program. In order to estimate the distribution of proprietors' income, we construct a weighted average of these two distributions, proportional to their shares in the aggregate NIPA total. Given that there is a higher proportion of partnership returns (relative to S-corporation returns) for top incomes, this led to an increase in the top 5% share of 0.3pp on average for 2000-2011.
3. **Presentational Update.** Decile shares of personal income and disposable personal income for 2000-2021 are now available for data users as iTable 2.10. In response to user feedback, we now provide a summary file to enable comparison of trends over time by component and quantile. This summary file (and accompanying note) contain all available metrics for all years, rather than compiling individual year-downloads. The most recent full set of data (year 2021) is available as its own file, in the same format as previous releases, in order to provide context for the summary file. Provisional data for 2022 is also uploaded separately. The same file structure is provided for the OECD metrics.

Additional Note

Projecting provisional estimates for 2022 allows us to observe the distribution before and after the COVID pandemic, and associated government transfers. The substantial drop in inequality from 2019 to 2020, and subsequently low level in 2021, is primarily due to the effects of expanded unemployment insurance (UI), the economic impact payments (EIP), and the advance child tax credit (CTC). If we were to calculate PI without UI, EIP, and the CTC (all forms), we would have the inequality distribution in column 1 below. Adding UI to that distribution would create a distribution as in column 2. Column 3 is the full PI distribution. With the significant reduction in the CTC, UI and expiration of the EIP, we see a rebound in inequality from 2021 to 2022, slightly higher than 2019 levels.

| | Without UI, EIP, & CTC | Add UI | Add EIP+CTC (Full PI) |
|---------|------------------------|--------|-----------------------|
| | (1) | (2) | (3) |
| | 2019 | | |
| 0–20% | 5.2% | 5.2% | 5.2% |
| 20–40% | 9.7% | 9.7% | 9.7% |
| 40–60% | 14.1% | 14.1% | 14.1% |
| 60–80% | 20.6% | 20.6% | 20.6% |
| 80–100% | 50.5% | 50.4% | 50.4% |
| Gini | 0.437 | 0.437 | 0.436 |
| | 2020 | | |
| 0–20% | 5.1% | 5.3% | 5.4% |
| 20–40% | 9.6% | 9.9% | 10.1% |
| 40–60% | 13.9% | 14.2% | 14.4% |
| 60–80% | 20.4% | 20.4% | 20.5% |
| 80–100% | 51.2% | 50.2% | 49.6% |
| Gini | 0.442 | 0.428 | 0.421 |
| | 2021 | | |
| 0–20% | 5.1% | 5.3% | 5.5% |
| 20–40% | 9.5% | 9.7% | 10.2% |
| 40–60% | 13.7% | 13.9% | 14.4% |
| 60–80% | 20.1% | 20.1% | 20.3% |
| 80–100% | 51.5% | 50.9% | 49.6% |
| Gini | 0.447 | 0.439 | 0.422 |
| | 2022 | | |
| 0–20% | 5.2% | 5.2% | 5.1% |
| 20–40% | 9.6% | 9.6% | 9.6% |
| 40–60% | 13.8% | 13.8% | 13.9% |
| 60–80% | 19.8% | 19.9% | 19.9% |
| 80–100% | 51.6% | 51.6% | 51.5% |
| Gini | 0.444 | 0.443 | 0.442 |